



Economy

Tourism revenues fully recovered in 2022 vs pre-pandemic 2019

In Dec-22, tourism revenues recovered at 167.3% of Dec-19 level amounting to US\$ 363.3mn (+188.2% y/y), according to the NBG. Overall, tourism revenues reached US\$ 3.5bn in 2022 (+182.5% y/y, 107.6% of 2019 level).

Money transfers at another record high in Dec-22

Money transfers increased by 133.2% y/y to all-time high US\$ 535.3mn in Dec-22, according to NBG, after a 151.4% y/y growth in previous month. From major remitting countries, money transfers increased from Russia (+699.2% y/y, accounting for 59.3% of total, part of these funds related to migration), followed by Italy (+14.0% y/y, 8.1% of total), USA (+28.7% y/y, 6.4% of total), Greece (+0.9% y/y, 3.9% of total), Israel (+7.9% y/y, 3.6% of total) and Germany (+46.6% y/y, 3.2% of total). Meanwhile, transfers reduced from Kazakhstan (-3.6% y/y, 2.4% of total). Overall, in 2022 remittances increased by 86.1% y/y to US\$ 4.4bn.

Goods trade accelerated in Dec-22

In Dec-22, exports growth accelerated, up by 32.5% y/y to a record high US\$ 555.8mn, after a 14.1% y/y growth in previous month. Imports growth also accelerated, up by 31.2% y/y and reached a record high US\$ 1.4bn in December, after growing by 22.2% y/y in November. As a result, the trade deficit, increased by 30.3% y/y to US\$ 822.6mn, after a 27.9% y/y growth in November.

The top 5 exported commodities were cars (+262.1% y/y), copper (+39.8% y/y), fertilizers (+47.9% y/y), wine (-12.5% y/y) and spirits (-6.1% y/y) in Dec-22. A 11.5% of exports were directed to the EU (-13.7% y/y), 58.0% to the CIS (+63.4% y/y) and 30.5% to other countries (+14.4% y/y).

The top 5 imports were cars (+51.8% y/y), petroleum (+18.8% y/y), gases (+52.5% y/y), telephones (+119.7% y/y) and copper (-26.4% y/y) in Dec-22.

Overall, in 2022, trade deficit was up by 34.1% y/y to US\$ 7.9bn, as exports increased by 31.8% y/y to US\$ 5.6bn, while imports were up by 33.2% y/y to US\$ 13.5bn. The wider goods trade deficit was largely offset by tourism revenues and remittances, improving the current account balance in 2022.

Producer price index at 6-year low in Dec-22

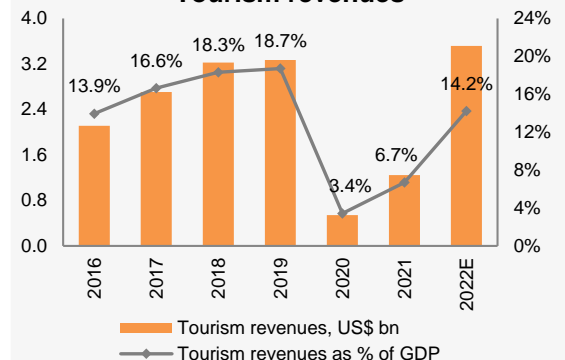
Annual PPI for industrial goods reduced significantly to 0.1% in Dec-22 (the lowest level since Nov-16), after a 3.6% growth in previous month. Price changes in manufacturing (+1.9% y/y) and mining (-14.2% y/y) contributed most to the overall index change in December.

Key macro indicators

	2020	2021
Real GDP growth (% change)	-6.8%	10.5%
GDP per capita (ppp)	14,849	17,386
GDP per capita (US\$)	4,256	5,023
Population (mn)	3.7	3.7
Inflation (eop)	2.4%	13.9%
Gross reserves (US\$ bn)	3.9	4.3
CAD (% of GDP)	12.5%	10.4%
Fiscal deficit (% of GDP)	9.3%	6.1%
Total public debt (% of GDP)	60.2%	49.7%
Fitch/S&P/Moody's*	BB/BB/Ba2	

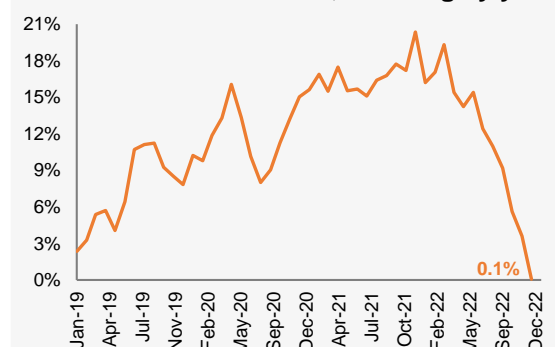
Source: Official data, Rating agencies, Galt & Taggart
*Latest sovereign credit ratings

Tourism revenues



Source: NBG, Geostat

Producer Price Index, % change y/y



Source: Geostat

Money market

Ministry of Finance T-Bills:

1-year GEL 20.0mn (US\$ 7.5mn) T-Bills were sold at the auction held at NBG on January 17, 2023. Total demand was 2.2x higher and the weighted average yield was fixed at 9.414%, down by 0.038ppts from previous auction held in Dec-22.

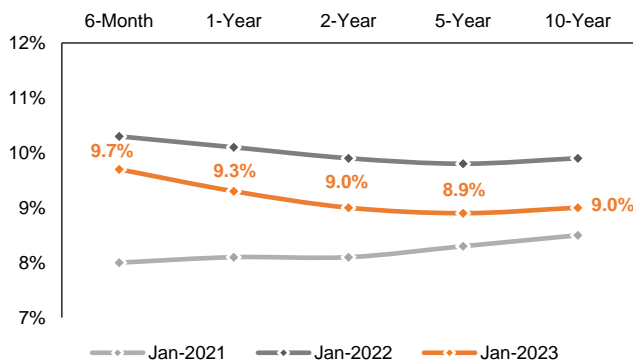
The nearest treasury security auction is scheduled for January 24, 2023, where GEL 60.0mn nominal value 5-year Benchmark bonds will be sold.

T-bills / T-notes in 2023

Maturity	YTD placements, GEL mn	Remaining placements, GEL mn	Outstanding amount, GEL mn*
6-month	20	220	120
1-year	20	220	295
2-year	43	440	1,197
5-year	0	1,080	3,598
10-year	0	720	1,596
Total	83	2,680	6,806

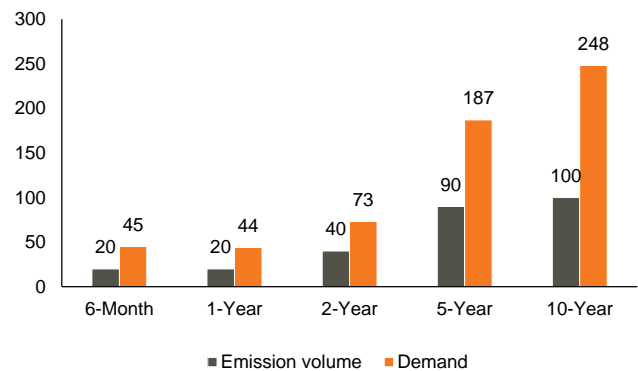
Source: MoF
*As of December 2022

T-bills / T-notes, yield curve



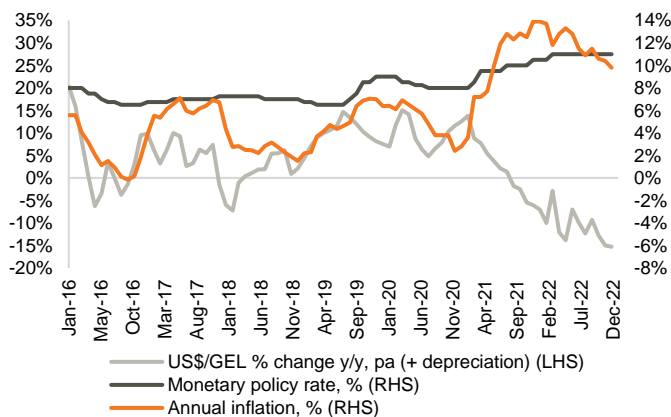
Source: NBG

Emission volume vs. demand on latest T-bills / T-notes auctions, GEL mn



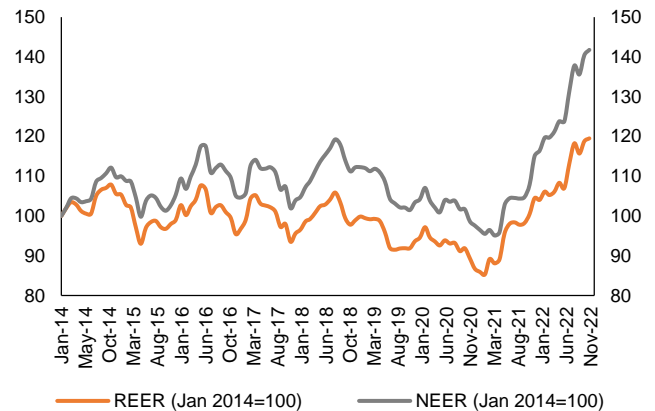
Source: NBG

Monetary policy rate, inflation and FX rate



Source: NBG

Nominal effective exchange rate and Real effective exchange rate



Source: NBG

Note: Index growth/decline means appreciation/depreciation of exchange rate

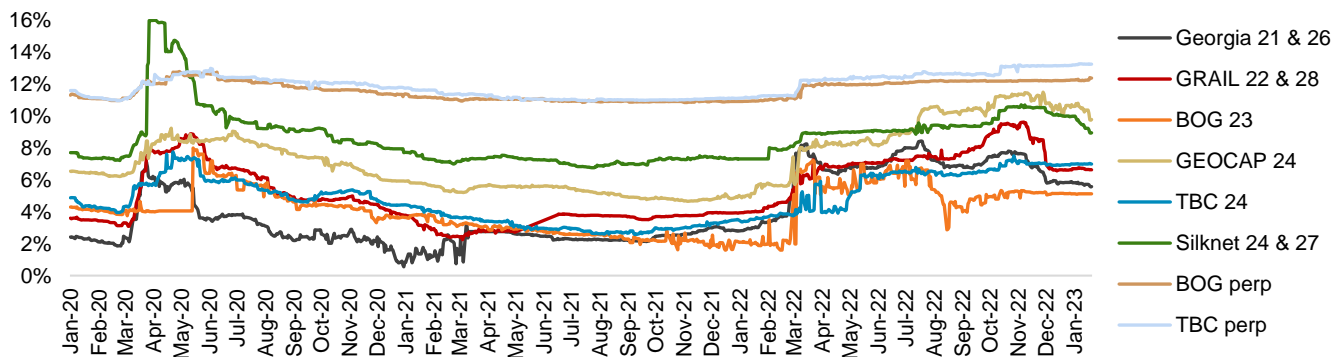
Fixed income

Corporate Eurobonds: Georgia Capital Eurobonds (GEOCAP) were trading at 96.20 (+0.69% w/w), yielding 9.76%.

Georgian Railway Eurobonds (GRAIL) traded at 88.26 (+0.11% w/w), yielding 6.62%.

Georgian Sovereign Eurobonds (GEORG) closed at 91.72 (+0.47% w/w) at 5.57% yield to maturity.

Georgian Eurobonds, YTM



Source: Bloomberg

Georgian Eurobonds performance

Issuer	Currency	Amount, mn	Coupon	Maturity date	Ratings (Fitch/S&P/Moody/Scope)	Mid price	Mid yield, %	Z-spread, bps
GEORG 04/26	USD	500	2.750%	Apr-26	BB/BB/Ba2	91.72	5.57	190.67
GRAIL 06/28	USD	500	4.000%	Jun-28	BB-/BB-/-	88.26	6.62	326.84
GEBGG 07/23	USD	350	6.000%	Jul-23	BB-/-/Ba2	n/a	n/a	27.54
GEBGG 11 1/8 PERP	USD	100	11.125%	n/a	B-/-/-	98.37	12.36	779.80
GEOCAP 03/24	USD	300	6.125%	Mar-24	-/B+/B1	96.20	9.76	501.68
SILKNET 01/27	USD	300	8.375%	Jan-27	B+/-/B1	98.13	8.94	538.53
TBC 06/24	USD	300	5.750%	Jun-24	BB-/-/Ba2	98.37	6.98	238.25
TBC PERP	USD	125	10.775%	n/a	B-/-/-	93.16	13.23	1,107.66

Georgian local bonds performance

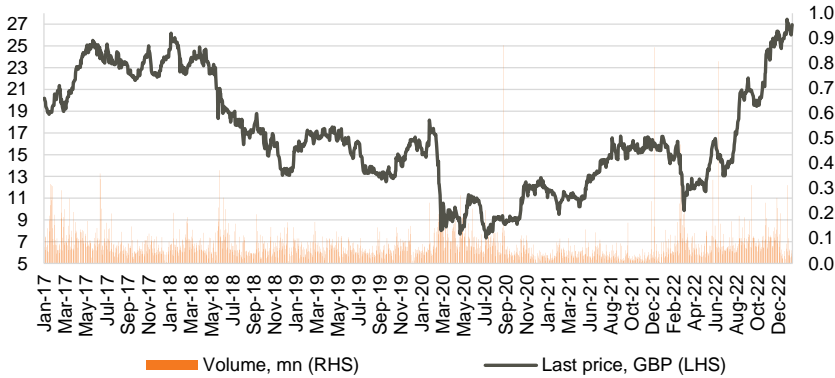
GLC	USD	12	5.75%	Jul-23	-/-/-	99.90	5.88	n/a
GLC	EUR	3	4.75%	Jul-23	-/-/-	99.99	4.75	n/a
Lisi Lake Development	USD	12	6.50%	Dec-23	-/-/-	99.49	6.75	n/a
Lisi Lake Development	USD	10	8.50%	Dec-24	-/-/-	n/a	n/a	n/a
IG Development	USD	15	6.75%	Jan-24	-/-/-	97.35	8.90	n/a
IG Development	USD	15	8.50%	Jul-24	-/-/-	99.77	8.65	n/a
Georgia Real Estate	USD	35	8.50%	Oct-24	-/-/-	99.73	8.65	n/a
Geo. Beer Company	GEL	25	15.50%	Dec-23	-/-/-	n/a	n/a	n/a
Evex Hospitals	GEL	50	13.60%	Nov-24	-/-/-	n/a	n/a	n/a
Nikora Trade	GEL	35	13.62%	Nov-24	-/-/-	n/a	n/a	n/a
TBC Leasing	GEL	58.4	13.37%	Mar-23	-/-/-	n/a	n/a	n/a
Geo Renewable Power Oper.	USD	80	7.00%	Oct-27	-/-/-	n/a	n/a	-/-/-

Source: Bloomberg



Equities

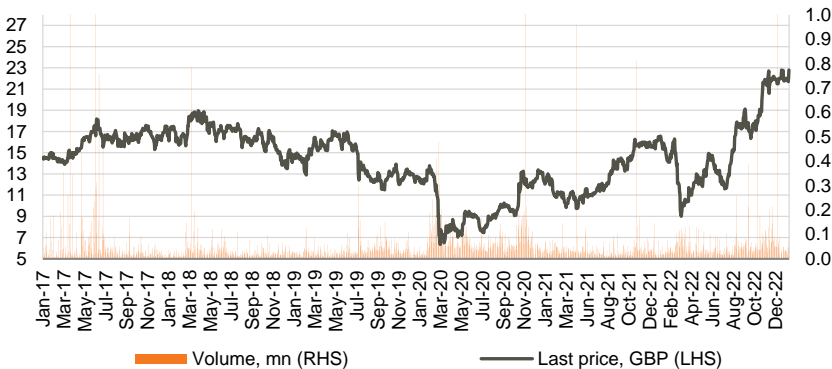
Bank of Georgia Group (BGEO LN)



Bank of Georgia Group (BGEO LN) shares closed at GBP 26.95/share (+1.32% w/w and +5.69% m/m). More than 173k shares traded in the range of GBP 25.80 - 26.95/share. Average daily traded volume was 61k in the last 4 weeks. The volume of BGEO shares traded was at 0.35% of its capitalization.

Source: Bloomberg

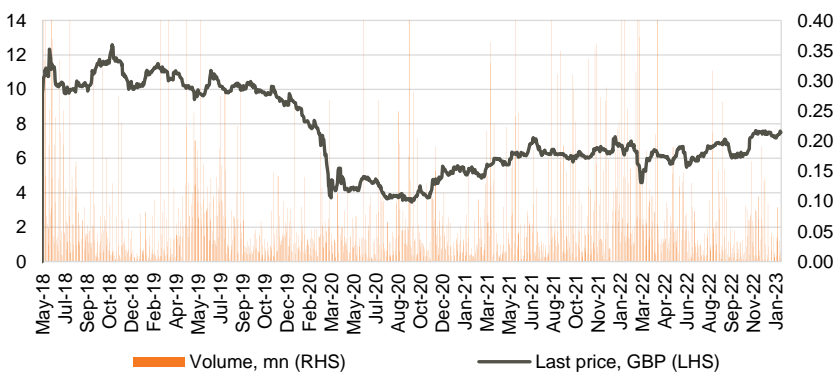
TBC Bank Group (TBCG LN)



TBC Bank Group (TBCG LN) closed the week at GBP 22.80/share (+3.64% w/w and +3.87% m/m). More than 217k shares changed hands in the range of GBP 21.60 - 23.00/share. Average daily traded volume was 37k in the last 4 weeks. The volume of TBCG shares traded was at 0.39% of its capitalization.

Source: Bloomberg

Georgia Capital (CGEO LN)



Georgia Capital (CGEO LN) shares closed at GBP 7.50/share (+2.04% w/w and +1.49% m/m). More than 81k shares traded in the range of GBP 7.35 - 7.58/share. Average daily traded volume was 28k in the last 4 weeks. The volume of CGEO shares traded was at 0.17% of its capitalization.

Source: Bloomberg

Equities, continued

Eastern European banks

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2021	2022F	2023F	2021	2022F	2023F
Bank of Georgia	BGEO	GBP	26.95	1,325	89.0%	78.5%	3.5%	4.58x	3.75x	4.92x	1.06x	1.17x	0.96x
TBC	TBC	GBP	22.80	1,258	91.3%	50.4%	0.4%	4.75x	4.66x	4.48x	1.04x	1.03x	0.89x
Halyk Bank	HSBK	USD	10.70	2,918	17.6%	-16.0%	-3.6%	2.60x	2.83x	2.86x	0.76x	0.72x	0.61x
Akbank	AKBNK	TRY	18.71	97,292	118.6%	138.6%	-4.3%	6.04x	2.35x	3.37x	0.96x	1.06x	0.84x
Garanti	GARAN	TRY	26.90	112,980	77.7%	125.3%	-10.5%	7.12x	2.90x	3.69x	1.20x	1.17x	0.90x
Isbank	ISCTR	TRY	12.29	55,305	151.3%	233.4%	-3.8%	2.87x	1.49x	1.69x	0.99x	0.77x	0.72x
PKO	PKO	PLN	33.88	42,350	28.1%	-28.5%	11.9%	6.63x	12.70x	7.23x	0.86x	1.33x	1.15x
PEKAO	PEO	PLN	95.40	25,040	23.6%	-29.1%	10.3%	9.22x	8.46x	6.73x	0.84x	1.17x	1.02x
Millennium	MIL	PLN	5.27	6,387	46.0%	-41.4%	15.0%	na	2.94x	3.33x	0.81x	1.46x	1.17x
Mbank	MBK	PLN	330.20	13,995	58.0%	-27.3%	11.6%	na	12.53x	6.59x	0.83x	1.22x	1.03x
BRD	BRD	RON	13.66	9,520	13.1%	-30.7%	5.1%	6.06x	7.76x	6.84x	0.81x	1.56x	1.19x
Banca Transilvania	TLV	RON	20.50	129,385	2.5%	-12.6%	2.9%	na	na	na	1.24x	1.47x	1.29x
OTP	OTPD	USD	22.00	12,320	0.0%	0.0%	0.0%	8.76x	8.75x	8.60x	0.65x	0.66x	0.58x
Komerčni	KOMB	CZK	705.00	133,985	12.6%	-26.4%	7.6%	11.10x	8.38x	8.93x	1.14x	1.14x	1.06x
Mean								6.34x	6.11x	5.33x	0.94x	1.14x	0.96x
Median								6.06x	4.66x	4.92x	0.91x	1.17x	0.99x

Source: Bloomberg, S&P Capital IQ

Investment management companies

	Ticker	Currency	Share price	Mcap, mn	6M chg	y/y chg	YTD chg	P/E			P/B		
								2021	2022F	2023F	2021	2022F	2023F
Georgia Capital	CGEO	GBP	7.50	350	20.8%	11.1%	2.7%	1.80x	4.60x	3.43x	0.41x	na	na
Tinc Comm	TINC	EUR	12.58	457	-4.1%	-4.7%	0.6%	13.85x	na	na	0.94x	na	na
Sabancı Holding	SAHOL	TRY	43.58	88,921	125.6%	179.7%	-3.3%	5.61x	3.27x	4.92x	1.31x	1.16x	1.07x
Deutsche Beteiligungs	DBAN	EUR	29.90	562	13.3%	-22.1%	7.2%	2.57x	na	7.81x	0.68x	1.19x	0.94x
Eurazeo	RF	EUR	64.00	5,070	-1.4%	-17.2%	10.2%	2.91x	15.33x	10.55x	0.72x	0.76x	0.72x
Carlyle Group	CG	USD	33.55	11,953	-2.7%	-33.8%	12.4%	3.34x	7.73x	8.19x	1.87x	2.76x	2.22x
Wendel SE	MF	EUR	95.55	4,276	13.8%	-5.3%	9.6%	3.45x	8.43x	8.20x	1.35x	1.59x	1.37x
HgCapital Trust	HGT	GBP	3.70	1,685	5.7%	-11.3%	5.6%	na	na	na	na	na	na
NB Private Equity Partners	NBPE	GBP	16.00	698	1.6%	-9.9%	0.0%	na	na	na	na	na	na
Oakley Capital Investments	OCI	GBP	4.56	814	17.8%	9.9%	8.7%	na	na	na	na	na	na
Princess Private Equity	PEY	EUR	8.62	596	-27.6%	-37.5%	2.1%	3.10x	na	na	0.52x	na	na
Symphony International Holding	SIHL	USD	0.42	216	-8.7%	-5.4%	-6.0%	1.78x	na	na	0.45x	na	na
Mean								4.27x	7.87x	7.18x	0.92x	1.49x	1.26x
Median								3.10x	7.73x	8.00x	0.72x	1.19x	1.07x

Source: Bloomberg, S&P Capital IQ

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Galt & Taggart

Address: 3 A. Pushkin Street, Tbilisi 0105, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge